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Congress Still Deadlocked on Issues as Recess Ends

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WASHINGTON, July 8 — The House and the Senate returned from their 10-day Fourth of July recess today, still deadlocked over the 1986 Federal budget and facing a series of other difficult issues in the month ahead.

The Senate Republican leadership ran into opposition from conservatives right away on two key issues: imposition of economic sanctions on the Government of South Africa and more than two dozen diplomatic nominations.

Other issues include nonmilitary aid to the rebels fighting the Sandinista Government in Nicaragua, economic aid to Jordan, gun control, a farm bill, limits on production of the MX missile, financing for the space-based antimissile shield and individual appropriations bills.

Although the recess was officially ended, in fact there were few senators or representatives in Washington.

Outlook on the Budget

On the budget deadlock, House Speaker Thomas P. O'Neill Jr., Senator Bob Dole, the majority leader, and President Reagan are expected to be drawn into negotiations if there is a chance for a compromise. But Mr. O'Neill and Mr. Dole may face problems in rallying their members to accept any compromise they could reach.

"It's up to those gentlemen," said Senator Lawton Chiles of Florida, the ranking Democrat on the Senate Budget Committee. Mr. Chiles insisted that any "meaningful" deficit reduction package would have to include tax increases and a freeze on the cost-of-living increase for Social Security.

The House-Senate conferees on the budget have been deadlocked for three weeks. The main issue is the Social Security cost-of-living increase, which the Senate proposed eliminating for

one year. The House is opposed to such a freeze.

Mr. Dole said that the message he heard from the voters in the recess last week was to cut the deficit, adding that there was almost no talk of Mr. Reagan's proposal to redesign the tax system.

Ambassadorial Nominations

In the Senate, the Republican leadership is still being blocked in its effort to approve nearly two dozen ambassadorial nominations and nominations for other posts. The nominations, Mr. Dole said, are "still being held hostage."

Senator Jesse Helms, Republican of North Carolina, hinted today that he might continue to block approval of some or all of the nominations, preventing approval before the August recess. The conservatives are opposed to some of the nominations and, in addition, are trying to stop what they have called a "purge" of some conservatives in the State Department.

The conservatives, however, did allow the approval on a voice vote of John C. Whitehead to be Deputy Secretary of State.

Senator Helms also promised today to block consideration of the South African sanctions bill, which has the support of Mr. Dole and the Foreign Relations Committee.

"I think it's dumb to call it up," Senator Helms told reporters this morning. "Anybody who doesn't understand that the Soviet Union is orchestrating the upheaval in all Africa, including South Africa, doesn't understand what is going on," he said later.

Mr. Dole moved today to block a filibuster by filing a cloture petition, which is to be voted on Wednesday. Even if Mr. Dole gets the 60 votes needed, Mr. Helms has other procedural

means available to block action.

The Senate bill would ban new bank loans to the South African Government, the sale of computers to agencies enforcing the racial separation policy of apartheid, and the sale of goods used in nuclear production. The House has passed its own bill, which includes these sanctions and additional bans on new private investment and the sale of gold Krugerrands.

While the Senate is concentrating on these and other issues, including legislation that would ease some gun control restrictions, the House is expected to spend most of its time on appropriations. House-Senate conferences will be striving to compose differences on the supplemental appropriations bill for 1985 and the Department of Defense authorization bill for 1986.

Aid to Rebels in Nicaragua

The issue of nonmilitary aid to rebels fighting the Government in Nicaragua and that of economic aid to Jordan are tied up in the supplemental appropriations bill for 1985. Conferees from the House and the Senate have yet to meet.

On the aid to the rebels, both the House and the Senate have approved aid but differ over the definition of nonmilitary and whether it can be funneled through the Central Intelligence Agency. Meanwhile, the Senate has approved \$250 million in aid to Jordan but the House has not.

The House Agriculture Committee is to start work on a farm bill this week and the Senate Agriculture Committee has set a July 15 deadline for completing action. But while Mr. Dole has made approval a priority, some senators doubt that the bill could be approved before August.